

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of DeWitt	County Clinton
Fiscal Year End 6/30/06	Opinion Date 9/7/06	Date Audit Report Submitted to State 11/7/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

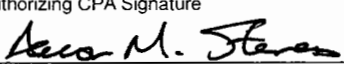
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	None	
Other (Describe)	<input checked="" type="checkbox"/>	None	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI
Zip 48823			
Authorizing CPA Signature 	Printed Name Aaron M. Stevens, CPA		License Number 1101024055

**City of DeWitt  
Clinton County, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2006**

City of DeWitt

Clinton County, Michigan

June 30, 2006

CITY COUNCIL AND ADMINISTRATION

Mr. Paul Opsommer	Mayor
Mr. Jim Rundborg	Mayor Pro Tem
Ms. Sue Erickson	Council Member
Mr. Ray Knick	Council Member
Mr. Tim Kangas	Council Member
Mr. Dave Hunsaker	Council Member
Mr. Ken Ross	Council Member
Mr. Brian Vick	City Administrator
Ms. Lisa Grysen	City Treasurer
Ms. Denice Smith-Astalos	City Clerk

## TABLE OF CONTENTS

June 30, 2006

PAGE

INDEPENDENT AUDITOR'S REPORT	i
MANAGEMENT'S DISCUSSION AND ANALYSIS	ii-vi
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds Balance Sheet	3-4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6-7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Assets - Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Combining Statement of Net Assets - Component Unit	12
Statement of Activities - Component Unit	13
Notes to Financial Statements	14-28
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule	29-34
MAJOR SPECIAL REVENUE FUND	
Budgetary Comparison Schedule - Major Street	35
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	36-37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	38-39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	40-44
SCHEDULE OF DEBT OUTSTANDING	
1978 Clinton County Sanitary Sewage Treatment and Disposal No. 7 Bonds	45
Limited Tax General Obligation Building Authority - Park Improvements Bonds	45
2004 Michigan Transportation Fund Bonds	45

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA



**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

3511 Coolidge Road  
Suite 100  
East Lansing, MI 48823  
(517) 351-6836  
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of DeWitt  
DeWitt, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of DeWitt as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of DeWitt as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeWitt's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

September 7, 2006

This section of the City of DeWitt annual report presents our discussion and analysis of the City of DeWitt's financial performance during the year ended June 30, 2006. Please read it in conjunction with the City's financial statements, which immediately follow this section.

The City of DeWitt is in its third year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the City of DeWitt's management's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of DeWitt financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and longer-term view of the finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds - the General Fund, Major Street (Special Revenue Fund), Building Authority Bonds (Debt Service Fund) and other smaller funds collectively as non-major governmental funds.

### **Government-Wide Financial Statements**

One of the most important questions asked about the City is, "As a whole, what is the City's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the basic financial statements, report information on the City as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets (page 1) presents all of the City of DeWitt's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the City of DeWitt's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the City of DeWitt's net assets changed during fiscal year 2006. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods.

Both statements report the following activities:

- **Governmental Activities** - Most of the City DeWitt's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. This also includes the activities such as the major and local street maintenance, and debt service.
- **Business-type Activities** - These activities operate like private businesses. The City of DeWitt charges fees to recover the cost of the services provided. The City of DeWitt Sewer System and refuse removal services are examples of such activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the City of DeWitt Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City of DeWitt. The City of DeWitt Downtown Development Authority (DDA) is a discretely presented component unit of the City.

As stated previously, the Government-wide financial statements are full accrual basis statements. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources. Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types.

### **Fund Financial Statements**

The fund level financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City of DeWitt uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by bond or grant agreements. Funds are also utilized to track specific operations; these include the internal services fund (e.g. Motor pool) as well as enterprise funds such as the Water and Sewer Fund.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

The City of DeWitt's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the City of DeWitt's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City of DeWitt's programs. Governmental funds include the General Fund, as well as special revenue, capital projects, debt service, and permanent funds.
- **Proprietary Funds** - Services for which the City of DeWitt charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. Enterprise funds report activities that provide supplies and/or services to the general public. Internal Service funds report activities that provide supplies or service to the City of DeWitt's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

### **Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 14 of this report.

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue fund.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and are presented in a single aggregate column in the basic financial statements.

**Summary of Net Assets:**

The following summarizes the net assets as of June 30, 2006.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
<b>Assets</b>						
Current and other assets	\$1,329,881	\$1,506,842	\$2,178,148	\$2,414,401	\$3,508,029	\$3,921,243
Capital assets, net	4,529,140	4,524,055	4,372,519	4,223,437	8,901,659	8,747,492
Total assets	5,859,021	6,030,897	6,550,667	6,637,838	12,409,688	12,668,735
<b>Liabilities</b>						
Current	246,203	241,643	53,972	33,807	300,175	275,450
Noncurrent	1,068,739	903,473	-	-	1,068,739	903,473
Total liabilities	1,314,942	1,145,116	8,827,338	33,807	1,368,914	1,178,923
<b>Net Assets</b>						
Invested in capital assets-						
net of related debt	2,891,307	3,466,133	4,263,105	4,223,437	7,154,412	7,689,570
Restricted	312,112	530,489	856,620	936,460	1,168,732	1,466,949
Unrestricted	1,485,551	889,159	1,376,970	1,444,134	2,862,521	2,333,293
Total net assets	<b>\$4,688,980</b>	<b>\$4,885,781</b>	<b>\$6,496,695</b>	<b>\$6,604,031</b>	<b>\$11,185,665</b>	<b>\$11,489,812</b>



# Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

## Results of Operations:

For the fiscal year ended June 30, 2005 and 2006, the Government-wide results of operations were:

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 337,434	\$ 435,949	\$ 571,703	\$ 578,399	\$ 909,137	\$ 1,014,348
Operating grants and contributions	300,114	287,310	-	-	300,114	287,310
Capital grants and contributions	31,798	281,119	-	-	31,798	281,119
General revenues:						
Property taxes	1,635,493	1,630,282	-	-	1,635,493	1,630,282
State Revenue Sharing	396,164	394,093	-	-	396,164	394,093
Investment earnings	44,864	66,154	27,774	94,716	72,638	29,598
Equity in SCCMUA operations	-	-	139,361	80,517	139,361	80,517
Miscellaneous	142,824	204,081	94,347	61,216	237,171	265,297
Transfers	22,456	21,092	(22,456)	(21,092)	-0-	-0-
Total revenues and transfers	2,911,147	3,320,080	810,729	793,756	3,721,876	4,113,836
<b>Expenses</b>						
General government	1,273,825	1,013,341	-	-	1,273,825	1,013,341
Public safety	784,022	895,849	-	-	784,022	895,849
Public works	628,949	980,174	-	-	628,949	980,174
Community & economic development	-	26,907	-	-	-0-	-0-
Recreation and cultural	162,492	143,387	-	-	162,492	170,294
Water & Sewer	-	-	640,486	686,420	640,486	686,420
Interest on long-term debt	44,695	63,611	-	-	44,695	63,611
Total expenses	2,893,983	3,123,269	640,486	686,420	3,534,469	3,809,689
Change in net assets	17,164	196,811	170,243	107,336	187,407	304,147
Restated Net assets, beginning of year	5,050,339	4,688,970	6,195,052	6,496,695	11,245,391	11,185,665
Prior period adjustment	(523,424)	-	131,400	-	(392,024)	-0-
Net assets, end of year	\$ 4,544,079	\$ 4,885,781	\$ 6,496,695	\$ 6,604,031	\$ 11,185,665	\$ 11,489,812

## Analysis of Results of Operations:

During fiscal year ended June 30, 2006, the City's net assets increased by \$304,147. Several factors which contributed to this increase are discussed in the following sections.

### A. Governmental Fund Operating Results

The City's revenues from governmental fund operations exceeded expenses by \$182,696 for the fiscal year ended June 30, 2006.

### B. Long-Term Debt Activities

The City reduced its long-term debt obligation during 2005-2006 by making principal payments of \$224,090. This makes the ending long-term debt \$1,091,604 for 2005-2006 fiscal year.

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

The City made principal payments on long-term debt obligations that reduced the amount of the City's long-term liabilities as follows:

	Principal Balance <u>June 30, 2005</u>	Principal Payments	Principal Balance <u>June 30, 2006</u>
1978 Sanitary Sewer Bonds	\$ 37,330	\$ 18,665	\$ 18,665
1999 Building Authority Bonds	625,000	70,000	555,000
2004 Transportation Bonds	450,000	-	450,000
Installment Purchase (Theil)	67,584	33,327	34,257
Compensated Absences	27,043	-	33,682
1991 Water Supply Bonds	52,098	52,098	-0-
1998 Transportation Bonds	<u>50,000</u>	<u>50,000</u>	<u>-0-</u>
Total Long-Term Obligations	<u>\$ 1,309,055</u>	<u>\$ 224,090</u>	<u>\$ 1,091,604</u>

### C. Net Investment in Capital Assets

The City's net investment in capital assets (Primary Government) decreased by \$149,976 during the fiscal year. This can be summarized as follows:

	Balance <u>June 30, 2005</u>	Net Additions/ Deletions	Balance <u>June 30, 2006</u>
Capital assets	\$ 5,497,995	\$ 103,342	\$ 5,601,337
Less: accumulated depreciation	<u>(1,521,665 )</u>	<u>( 253,318 )</u>	<u>(1,774,983 )</u>
	3,976,330	149,976	3,826,354
Add: Land (not depreciated)	<u>697,701</u>	<u>-</u>	<u>697,701</u>
Net investment in capital assets	<u>\$ 4,674,031</u>	<u>\$ 149,976</u>	<u>\$ 4,524,055</u>

### Contacting the City's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Lisa Gysen, City Treasurer, City of DeWitt, 414 East Main Street, DeWitt, Michigan 48820.

**BASIC FINANCIAL STATEMENTS**

## City of DeWitt

## STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,135,389	\$ 195,414	\$ 1,330,803	\$ 104,884
Investments	401,878	539,400	941,278	-
Receivables	111,093	429,956	541,049	-
Due from other governmental units	119,709	-	119,709	-
Total current assets	1,768,069	1,164,770	2,932,839	104,884
Noncurrent assets				
Investments in sewage treatment plant	-	988,404	988,404	-
Internal balances	(261,227)	261,227	-0-	-
Capital assets not being depreciated	697,701	40,093	737,794	-
Capital assets, net of accumulated depreciation	3,826,354	4,183,344	8,009,698	-
Total noncurrent assets	4,262,828	5,473,068	9,735,896	-0-
TOTAL ASSETS	6,030,897	6,637,838	12,668,735	104,884
LIABILITIES				
Current liabilities				
Accounts payable	12,074	33,807	45,881	-
Other accrued liabilities	29,003	-	29,003	-
Accrued interest payable	12,435	-	12,435	-
Current portion of compensated absences	20,209	-	20,209	-
Current portion of long-term debt	167,922	-	167,922	-
Total current liabilities	241,643	33,807	275,450	-0-
Noncurrent liabilities				
Noncurrent portion of compensated absences	13,473	-	13,473	-
Noncurrent portion of long-term debt	890,000	-	890,000	-
Total noncurrent liabilities	903,473	-0-	903,473	-0-
TOTAL LIABILITIES	1,145,116	33,807	1,178,923	-0-
NET ASSETS				
Invested in capital assets, net of related debt	3,466,133	4,223,437	7,689,570	-
Restricted for:				
SCCMUA operations	-	936,460	936,460	-
Other purposes	530,489	-	530,489	-
Unrestricted	889,159	1,444,134	2,333,293	104,884
TOTAL NET ASSETS	\$ 4,885,781	\$ 6,604,031	\$ 11,489,812	\$ 104,884

See accompanying notes to financial statements.

City of DeWitt  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

					Net (Expense) Revenue and Changes in Net Assets			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,013,341	\$ 201,608	\$ 1,181	\$ -	\$ (810,552)	\$ -	\$ (810,552)	\$ -
Public safety	895,849	13,200	2,700	-	(879,949)	-	(879,949)	-
Public works	980,174	201,484	283,429	281,119	(214,142)	-	(214,142)	-
Community and economic development	26,907	13,336	-	-	(13,571)	-	(13,571)	-
Recreation and cultural	143,387	6,321	-	-	(137,066)	-	(137,066)	-
Interest on long-term debt	63,611	-	-	-	(63,611)	-	(63,611)	-
Total governmental activities	3,123,269	435,949	287,310	281,119	(2,118,891)	-0-	(2,118,891)	-0-
Business-type activities:								
Water and Sewer Fund	686,420	578,399	-	-	-	(108,021)	(108,021)	-
Total primary government	<u>\$ 3,809,689</u>	<u>\$ 1,014,348</u>	<u>\$ 287,310</u>	<u>\$ 281,119</u>	(2,118,891)	(108,021)	(2,226,912)	-0-
Component unit:								
Downtown Development Authority	<u>\$ 150,992</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(150,992)
General revenues:								
Property taxes					1,630,282	-	1,630,282	88,048
State shared revenues					394,093	-	394,093	-
Investment earnings					66,154	94,716	160,870	3,744
Equity in SCCMUA operations					-	80,517	80,517	-
Miscellaneous					204,081	61,216	265,297	38,579
Transfers					21,092	(21,092)	-0-	-
Total general revenues and transfers					2,315,702	215,357	2,531,059	130,371
Change in net assets					196,811	107,336	304,147	(20,621)
Restated net assets, beginning of the year					4,688,970	6,496,695	11,185,665	125,505
Net assets, end of the year					<u>\$ 4,885,781</u>	<u>\$ 6,604,031</u>	<u>\$ 11,489,812</u>	<u>\$ 104,884</u>

See accompanying notes to financial statements.

City of DeWitt

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2006

		Special Revenue	Debt Service
	General	Major Street	Building Authority Bonds
ASSETS			
Cash and cash equivalents	\$ 550,613	\$ 245,494	\$ 6,780
Investments	300,300	-	41,278
Receivables			
Accounts	66,593	-	-
Special assessments	-	37,243	-
Interest	2,983	-	-
Net leasehold receivable	-	-	555,000
Due from other governmental units			
Local	1,302	-	-
Federal/State	54,580	50,386	-
TOTAL ASSETS	<u>\$ 976,371</u>	<u>\$ 333,123</u>	<u>\$ 603,058</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Payables			
Accounts	\$ 12,014	\$ -	\$ -
Wages	26,721	-	-
Other accrued liabilities	2,282	-	-
Advance from other funds	261,227	-	-
Deferred revenue	-	34,813	555,000
TOTAL LIABILITIES	302,244	34,813	555,000
FUND BALANCES			
Reserved for			
Debt service	-	-	48,058
Cemetery maintenance	-	-	-
Unreserved			
Designated for subsequent year's expenditures	-	140,605	-
Undesignated, reported in:			
General fund	674,127	-	-
Special revenue funds	-	157,705	-
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>674,127</u>	<u>298,310</u>	<u>48,058</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 976,371</u>	<u>\$ 333,123</u>	<u>\$ 603,058</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 283,888	\$ 1,086,775
10,300	351,878
-	66,593
2,596	39,839
321	3,304
-	555,000
-	1,302
13,441	118,407
<u>\$ 310,546</u>	<u>\$ 2,223,098</u>

\$ -	\$ 12,014
-	26,721
-	2,282
-	261,227
1,672	591,485

1,672	893,729
-------	---------

472	48,530
99,310	99,310

97,638	238,243
--------	---------

-	674,127
111,422	269,127
32	32

308,874	1,329,369
---------	-----------

<u>\$ 310,546</u>	<u>\$ 2,223,098</u>
-------------------	---------------------

City of DeWitt

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2006

**Total fund balance - governmental funds** **\$ 1,329,369**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 6,299,038	
Accumulated depreciation is	<u>(1,774,983)</u>	
Capital assets, net		4,524,055

Internal Service Funds are used by management to charge the costs  
of certain activities to individual funds. The assets and liabilities  
of the Internal Service Funds are included in the governmental activities  
in the Government-wide Statement of Net Assets.

Net assets of the governmental activities accounted for in the Internal Service Funds	296,353	
Net capital assets of the Internal Service Funds included in total capital assets above	<u>(196,442)</u>	
		99,911

Long-term receivables are not available to pay for current period expenditures  
and are therefore deferred in the funds.

Deferred revenue		36,485
------------------	--	--------

Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the Governmental Funds Balance Sheet.  
Long-term liabilities at year-end consist of:

Long-term debt payable	\$ 1,057,922	
Accrued interest payable	12,435	
Compensated absences	<u>33,682</u>	
		<u>(1,104,039)</u>

<b>Net assets of governmental activities</b>		<u><b>\$ 4,885,781</b></u>
--	--	----------------------------

See accompanying notes to financial statements.



## City of DeWitt

## Governmental Funds

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

		Special Revenue	Debt Service
	General	Major Street	Building Authority Bonds
REVENUES			
Taxes	\$ 1,701,539	\$ -	\$ -
Licenses and permits	31,837	-	-
Intergovernmental	396,914	483,148	-
Charges for services	247,531	-	-
Fines and forfeits	2,537	-	-
Interest and rents	60,656	7,618	1,446
Other	198,311	17,940	-
TOTAL REVENUES	2,639,325	508,706	1,446
EXPENDITURES			
Current			
General government	960,884	-	-
Public safety	821,032	-	-
Public works	350,441	303,242	-
Recreation and cultural	79,534	-	-
Community and economic development	-	-	-
Debt service	45,434	71,168	97,760
Capital outlay	-	-	-
TOTAL EXPENDITURES	2,257,325	374,410	97,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	382,000	134,296	(96,314)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	97,760
Transfers out	(372,760)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(372,760)	-0-	97,760
NET CHANGE IN FUND BALANCES	9,240	134,296	1,446
Fund balances, beginning of year	664,887	164,014	46,612
Fund balances, end of year	\$ 674,127	\$ 298,310	\$ 48,058

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,701,539
61,285	93,122
81,399	961,461
9,225	256,756
205	2,742
9,088	78,808
12,910	229,161
174,112	3,323,589
4,564	965,448
72,606	893,638
283,485	937,168
-	79,534
26,907	26,907
21,241	235,603
23,687	23,687
432,490	3,161,985
(258,378)	161,604
296,092	393,852
-	(372,760)
296,092	21,092
37,714	182,696
271,160	1,146,673
\$ 308,874	\$ 1,329,369

City of DeWitt

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

**Net change in fund balances - total governmental funds** \$ 182,696

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 104,738	
Depreciation expense	<u>(254,714)</u>	
Excess of depreciation expense over capital outlay		(149,976)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Repayment of long-term debt	171,992
-----------------------------	---------

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Decrease in Net Assets of Internal Service Funds	(999)	
Capital asset additions of Internal Service Funds		
included in the total above	(45,903)	
Depreciation expense of the Internal Service Funds		
included in the total above	<u>67,071</u>	20,169

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(24,601)
--	----------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	3,170	
(Increase) in accrued compensated absences	<u>(6,639)</u>	
		<u>(3,469)</u>

**Change in net assets of governmental activities** \$ 196,811

See accompanying notes to financial statements.

City of DeWitt  
Proprietary Funds  
STATEMENT OF NET ASSETS  
June 30, 2006

	Business-type Activities <u>Enterprise</u> (Water and Sewer)	Governmental Activities <u>Internal</u> Service (Motor Pool)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 195,414	\$ 48,614
Investments	539,400	50,000
Accounts receivable	18,679	1,357
Special assessments receivable	403,076	-
Accrued interest receivable	<u>8,201</u>	<u>-</u>
Total current assets	1,164,770	99,971
Noncurrent assets		
Advance to other funds	261,227	-
Investment in SCCMUA	988,404	-
Capital assets not being depreciated	40,093	-
Capital assets, net of accumulated depreciation	<u>4,183,344</u>	<u>196,442</u>
Total noncurrent assets	<u>5,473,068</u>	<u>196,442</u>
TOTAL ASSETS	6,637,838	296,413
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	<u>33,807</u>	<u>60</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	4,223,437	196,442
Restricted for SCCMUA operations	936,460	-
Unrestricted	<u>1,444,134</u>	<u>99,911</u>
TOTAL NET ASSETS	<u>\$ 6,604,031</u>	<u>\$ 296,353</u>

See accompanying notes to financial statements.

## City of DeWitt

## Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET ASSETS

Year Ended June 30, 2006

	Business-type Activities Enterprise (Water and Sewer)	Governmental Activities Internal Service (Motor Pool)
OPERATING REVENUES		
Charges for services	\$ 565,956	\$ -
Capital benefits	12,443	-
Equipment rental	-	130,633
Other	61,216	4,251
TOTAL OPERATING REVENUES	639,615	134,884
OPERATING EXPENSES		
Public works		
Salaries and wages	40,650	-
Fringe benefits	23,377	-
Contractual services	321,162	345
Supplies	18,616	45,635
Insurance	1,268	9,776
Repairs and maintenance	34,167	16,360
Equipment rental	80,566	-
Depreciation	149,082	67,071
Other	16,332	499
TOTAL OPERATING EXPENSES	685,220	139,686
OPERATING LOSS	(45,605)	(4,802)
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	94,716	3,803
Interest expense and fees	(1,200)	-
Equity interest in SCCMUA operations	80,517	-
TOTAL NONOPERATING REVENUES (EXPENSES)	174,033	3,803
INCOME BEFORE TRANSFERS	128,428	(999)
TRANSFERS		
Transfer out	(21,092)	-
CHANGE IN NET ASSETS	107,336	(999)
Net assets, beginning of year	6,496,695	297,352
Net assets, end of year	\$ 6,604,031	\$ 296,353

See accompanying notes to financial statements.

## City of DeWitt

## Proprietary Funds

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2006

	Business-type Activities Enterprise (Water and Sewer)	Governmental Activities Internal Service (Motor Pool)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 660,410	\$ 2,894
Cash receipts from interfund activities	-	130,633
Cash paid to employees	(40,650)	-
Cash paid to vendors	(463,555)	(72,597)
Cash paid for interfund activities	46,664	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>202,869</b>	<b>60,930</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	(21,092)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital acquisitions	-	(45,903)
Interest expense	(1,200)	-
Payments on borrowings	(52,098)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(53,298)</b>	<b>(45,903)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(539,400)	(50,000)
Maturity of investments	277,000	-
Interest revenue	94,716	3,803
<b>NET CASH (USED) FROM INVESTING ACTIVITIES</b>	<b>(167,684)</b>	<b>(46,197)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(39,205)</b>	<b>(31,170)</b>
Cash and cash equivalents, beginning of year	234,619	79,784
Cash and cash equivalents, end of year	<u>\$ 195,414</u>	<u>\$ 48,614</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>		
Operating loss	\$ (45,605)	\$ (4,802)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	149,082	67,071
(Increase) decrease in receivables	20,795	(1,357)
Decrease in advance to other funds	46,664	-
Increase in accounts payable	31,933	18
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 202,869</b>	<b>\$ 60,930</b>

See accompanying notes to financial statements.

City of DeWitt

Component Unit

STATEMENT OF NET ASSETS

June 30, 2006

	<u>Downtown Development Authority</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 104,884
LIABILITIES	<u>-</u>
NET ASSETS	
Unrestricted	<u><u>\$ 104,884</u></u>

See accompanying notes to financial statements

City of DeWitt

Component Unit

STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

	Downtown Development Authority
Program expenses	
Community and economic development	\$ 150,992
Program revenues	<u>-</u>
NET PROGRAM EXPENSES	(150,992)
General revenues	
Property taxes	88,048
Investment earnings	3,744
Miscellaneous	<u>38,579</u>
TOTAL GENERAL REVENUES	<u>130,371</u>
CHANGE IN NET ASSETS	(20,621)
Net assets, beginning of the year	<u>125,505</u>
Net assets, end of the year	<u><u>\$ 104,884</u></u>

See accompanying notes to financial statements



NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City operates under an elected City Council, which consists of the Mayor and six (6) council members, with daily activities operated by the City Administrator, Clerk, and Treasurer. The City provides services to its more than 4,500 residents in many areas including law enforcement, fire protection, sewer, transportation, and parks and recreation.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

**1. Reporting Entity**

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the City of DeWitt (primary government), and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**2. Blended Component Unit**

The Building Authority is governed by a four (4) member board appointed by the City Council. Its purpose is to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, and the necessary site or sites therefore for the use of the City.

**3. Discretely Presented Component Unit**

The Downtown Development Authority (component unit) is reported in a separate column to emphasize that, while legally separate, the City of DeWitt remains financially accountable for this entity or the nature and significance of the relationship between this entity and the City of DeWitt is such that exclusion of this entity would render the financial statements misleading or incomplete.

The governing body of the Downtown Development Authority (DDA) is appointed by the City Council, the Authority's budget is subject to the approval of the City Council, the City temporarily relinquishes part of its tax base to the Authority (tax increment revenues), and the City has pledged its full faith and credit toward payment of the Authority's debt. This component unit is audited individually and complete financial statements may be obtained from the City's administrative office.

**4. Joint Ventures**

The City of DeWitt is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The City of DeWitt currently is represented by one (1) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audit can be obtained at their administrative offices.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED****4. Joint Ventures - continued**

The members of the Authority and approximate percentage of responsibility are as follows:

City of DeWitt	11%
DeWitt Charter Township	56%
Watertown Township	16%
Bath Charter Township	17%

For the year ended June 30, 2006, the City of DeWitt contributed \$303,190 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at June 30, 2006, of the cumulative effect of SCCMUA operations relating to the City's equity share in the joint venture from inception-to-date. The City of DeWitt had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the City of DeWitt transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended June 30, 2000.

The City of DeWitt is a member of the DeWitt Area Recreation Authority, which is a joint venture between the City of DeWitt and DeWitt Charter Township. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 56 and 44 percent, respectively. In 2006 the City contributed \$31,070. A copy of the DeWitt Area Recreation Authority's audit can be obtained from DeWitt Charter Township's administrative offices.

The DeWitt Area Emergency Services Authority was created in 2001 by a joint venture agreement between the Townships of Olive and Riley and the City of DeWitt. Each municipality appoints two (2) members to the Board. The Fire Chief oversees the day-to-day operations of the Authority. In 2006 the City contributed \$122,507. A copy of the DeWitt Area Emergency Services Authority's audit can be obtained from the City of DeWitt's administrative offices.

**5. Jointly Governed Organizations**

The City participates in the following activity which is considered to be a jointly governed organization in relation to the City, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, the City of DeWitt, in conjunction with DeWitt Charter Township, created the DeWitt Public Library which is considered a District Library. The DeWitt Public Library board is composed of three (3) members appointed by each municipality. The City has no financial responsibility to the Library.

**6. Basis of Presentation****GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Basis of Presentation - continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the City are:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Major Street Fund is used to account for the financial resources that are used for repairs and maintenance of the City's major streets.
- c. The Building Authority Bond Fund is used to account for the financial resources that are used to retire the Building Authority Bonds.
- d. The Water and Sewer Fund is used to account for the operations required to provide water and sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

7. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for agency funds since assets equal liabilities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required and other supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The City Administrator submits to Mayor and City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to July 1, the budget is legally enacted through passage of resolution.
- d. The budget is legally adopted at the total expenditure level for the General Fund and the Special Revenue Funds; however, they are maintained at the account level for control purposes. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

9. Budgets and Budgetary Accounting - continued

- e. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

10. Cash, Cash Equivalents, and Investments

The City pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and pooled investment accounts. Cash equivalents consist of temporary investments in mutual funds and certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with original maturities of greater than 90 days from the date of purchase. All certificates of deposit are stated at cost, which approximates market value. Investments are stated at cost.

11. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the City from special assessments, and taxes levied that have not been collected.

12. Capital Assets

**PRIMARY GOVERNMENT AND COMPONENT UNITS**

Capital assets include land, buildings, equipment, vehicles, utility systems and infrastructure and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Structures and improvements	10 - 40 years
Machinery, furniture, and equipment	5 - 20 years
Vehicles	2 - 10 years
Infrastructure	20 - 25 years
Utility systems	25 - 100 years

13. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

13. Long-Term Obligations - continued

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

14. Accrued Vacation and Sick Leave

Substantially all City employees are granted vacation hours up to a maximum of 160 hours at the employee's anniversary date. In the event of termination, an employee is paid for accumulated vacation hours up to the maximum.

Substantially all City employees are allowed to accrue sick hours up to a maximum of 480 hours. Fifty percent of unused sick time for the preceding 12 months may be paid on or about December 1 of each year. Employees are not paid for accumulated sick time in the event of termination.

The cost of the accumulated vacation, including related payroll taxes, is recorded entirely in the government-wide financial statements.

15. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

16. Deferred Revenue

Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

17. Property Tax

The City of DeWitt bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of DeWitt on July 1 and December 1 and are payable without penalty through September 30 and February 14, respectively. The July 1 levy is composed of the City's millage, 2/3 of the County's millage, special assessments, and school taxes. The December 1 levy is composed of 1/3 of the County's millage, school, and library taxes. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collection Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by ordinance to levy taxes up to 17.3135 mills (\$17.3135 per \$1,000 of taxable valuation) for general governmental services. For the year ended June 30, 2006, the City levied 13.0000 mills per \$1,000 of taxable valuation for general governmental services. The total taxable value for the 2005 levy for the property within the City was \$129,602,400.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**18. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

The Internal Service Fund (Motor Pool) records charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

**19. Comparative Data**

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The City deposits consist of a common checking account and various savings accounts, checking accounts, pooled investment accounts, and certificates of deposit maintained by individual funds and are reported as cash and cash equivalents and investments on the basic financial statements.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State of the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and the National Credit Union Administration (NCUA) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2006, the carrying amounts of the City's deposits were \$1,544,311 and the bank balance was \$1,627,650, of which \$1,627,509 was covered by federal depository insurance. The balance of \$141 was uninsured and uncollateralized. The City had \$1,275 of imprest cash on hand.

Investments

As of June 30, 2006, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
Uncategorized pooled investment funds			
Government Cash Management Fund	\$ 777,000	\$ 777,000	20 days
MBIA - Michigan Class	<u>54,379</u>	<u>54,379</u>	29 days
	<u>\$ 831,379</u>	<u>\$ 831,379</u>	

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The City's investments in MBIA - Michigan Class and Government Cash Management Fund are not rated.

Interest rate risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

Concentration of credit risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Council approved policy.



City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the basic financial statements, based on criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2006.

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,330,803	\$ 104,884	\$ 1,485,687
Investments	<u>941,278</u>	<u>-</u>	<u>891,278</u>
	<u>\$ 2,272,081</u>	<u>\$ 104,884</u>	<u>\$ 2,376,965</u>

**NOTE C: ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable between funds of the primary government at June 30, 2006:

Advance from Water and Sewer Fund to:	
General Fund	<u>\$ 261,227</u>

**NOTE D: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to Building Authority Bonds Fund from:	
General Fund	<u>\$ 97,760</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 275,000
Water and Sewer Fund	<u>21,092</u>
	<u>\$ 296,092</u>

**NOTE E: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2006 was as follows:

**Primary Government**

	<u>Restated Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 697,701	\$ -	\$ -	\$ 697,701

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE E: CAPITAL ASSETS - CONTINUED**

**Primary Government - continued**

	Restated Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Governmental activities - continued</b>				
Capital assets being depreciated				
Buildings	\$ 1,117,016	\$ 23,218	\$ -	\$ 1,140,234
Vehicles	653,101	45,903	-	699,004
Machinery and equipment	373,784	6,617	( 1,396 )	379,005
Infrastructure	<u>3,354,094</u>	<u>29,000</u>	<u>-</u>	<u>3,383,094</u>
Total capital assets being depreciated	5,497,995	104,738	( 1,396 )	5,601,337
Less accumulated depreciation				
Buildings	( 341,792 )	( 28,572 )	-	( 370,364 )
Vehicles	( 435,491 )	( 67,071 )	-	( 502,562 )
Machinery and equipment	( 303,804 )	( 20,143 )	1,396	( 322,551 )
Infrastructure	<u>( 440,578 )</u>	<u>( 138,928 )</u>	<u>-</u>	<u>( 579,506 )</u>
Total accumulated depreciation	<u>( 1,521,665 )</u>	<u>( 254,714 )</u>	<u>1,396</u>	<u>( 1,774,983 )</u>
Net capital assets being depreciated	<u>3,976,330</u>	<u>( 149,976 )</u>	<u>-0-</u>	<u>3,826,354</u>
Total Net Capital Assets	<u>\$ 4,674,031</u>	<u>\$ ( 149,976 )</u>	<u>\$ -0-</u>	<u>\$ 4,524,055</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General government	\$ 110,496
Public safety	2,211
Public works	78,154
Recreation and cultural	<u>63,853</u>

Total Depreciation Expense \$ 254,714

	Balance July 1, 2005	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2006
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 40,093	\$ -	\$ -	\$ 40,093
Construction in progress	<u>17,223</u>	<u>-</u>	<u>( 17,223 )</u>	<u>-0-</u>
Subtotal	57,316	-0-	( 17,223 )	40,093
Capital assets being depreciated				
Buildings	1,400,000	-	-	1,400,000
Machinery and equipment	780,798	-	-	780,798
Infrastructure	<u>4,562,780</u>	<u>17,223</u>	<u>-</u>	<u>4,580,003</u>
Total capital assets being depreciated	6,743,578	17,223	-0-	6,760,801

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE E: CAPITAL ASSETS - CONTINUED****Primary Government - continued**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Business-type activities - continued</b>				
Less accumulated depreciation				
Buildings	\$( 736,000 )	\$( 28,000 )	\$ -	\$( 764,000 )
Machinery and equipment	( 104,567 )	( 22,186 )	-	( 126,753 )
Infrastructure	( 1,587,808 )	( 98,896 )	-	( 1,686,704 )
Total accumulated depreciation	( 2,428,375 )	( 149,082 )	-0-	( 2,577,457 )
Net capital assets being depreciated	4,315,203	( 131,859 )	-0-	4,183,344
Total Net Capital Assets	\$ 4,372,519	\$( 131,859 )	\$( 17,223 )	\$ 4,223,437

**NOTE F: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2006.

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
<b>Governmental Activities</b>					
1978 Sanitary Sewer Bonds	\$ 37,330	\$ -	\$ 18,665	\$ 18,665	\$ 18,665
1998 Transportation Bonds	50,000	-	50,000	-0-	-
1999 Building Authority Bonds	625,000	-	70,000	555,000	70,000
2004 Transportation Bonds	450,000	-	-	450,000	45,000
Installment Purchase	67,584	-	33,327	34,257	34,257
Compensated absences	27,043	6,639	-	33,682	20,209
	1,256,957	6,639	171,992	1,091,604	188,131
<b>Business-type Activities</b>					
Water and Sewer Fund					
1991 Water Supply Bonds	52,098	-	52,098	-0-	-
<b>TOTAL REPORTING ENTITY</b>	<b>\$ 1,309,055</b>	<b>\$ 6,639</b>	<b>\$ 224,090</b>	<b>\$ 1,091,604</b>	<b>\$ 188,131</b>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**PRIMARY GOVERNMENT**General Obligation Bonds

\$750,000 Clinton County Sewage Treatment and Disposal System No. 7 Bonds, Series B (City Share \$280,000) dated August 1, 1978, City share due in annual installments of \$18,665 through May 1, 2007, with interest at 6.50 percent, payable semi-annually. \$ 18,665

\$975,000 Building Authority Bonds, Series 1999, dated February 1, 1999, due in annual installments ranging from \$65,000 to \$70,000 through May 1, 2014, with interest ranging from 4.20 to 4.80 percent, payable semi-annually. 555,000

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE F: LONG-TERM DEBT - CONTINUED**

\$450,000 2004 Michigan Transportation Fund Bonds dated December 1, 2004, due in annual installments ranging from \$45,000 to \$70,000 through October 1, 2013, with interest ranging from 2.35 to 3.70 percent, payable semi-annually.

\$ 450,000

\$ 1,023,665Installment Purchase

\$100,000 Installment Purchase dated September 15, 2003, due in annual installments of \$34,257, with interest at 2.75 percent.

\$ 34,257Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amounts of these vested rights have been recorded in the government-wide financial statements. They amount to approximately \$33,682 at June 30, 2006.

Annual Requirements for Bonded Debt and Installment Loans

The annual requirement to pay the debt principal and interest outstanding for the following bonds and loan are as follows:

**Primary Government**

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Installment Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 133,665	\$ 39,520	\$ 34,257	\$ 955
2008	115,000	34,275	-	-
2009	120,000	30,015	-	-
2010	125,000	25,437	-	-
2011	130,000	20,600	-	-
2012-2014	<u>400,000</u>	<u>30,053</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,023,665</u>	<u>\$ 179,900</u>	<u>\$ 34,257</u>	<u>\$ 955</u>

**NOTE G: LONG-TERM LEASE**

The Building Authority is a party to a long-term lease agreement for rental of land located behind City Hall, McGuire Park, Riverside Park, Sports Park, and River Trail Park, to the City of DeWitt, Michigan. The lease stipulates that fixed annual rentals will be paid to the Authority by the City of DeWitt, Michigan and such rentals are pledged exclusively for payment of principal and interest on the Building Authority bonds. In addition, the City pledges its unlimited tax, full faith, and credit as security under the lease. Fixed annual rental will cease after all bonds have been retired and advance rentals repaid on May 1, 2014. The lease agreement provides, further, that after all bonds are retired and advance rentals repaid, title to the land and buildings will vest to the City of DeWitt.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE G: LONG-TERM LEASE - CONTINUED**

The long-term lease has been accounted for as a capital lease in the debt service fund. The net leasehold receivable represents the present value of future minimum lease payments due from the City. Revenue represented by the noncurrent portion of the receivable is deferred until it becomes a current receivable. Future minimum lease payments scheduled to be received by the Authority from the City are as follows:

2007	\$ 94,890
2008	91,950
2009	88,940
2010	85,860
2011	82,780
2012	79,630
2013	76,410
2014	<u>68,120</u>
	668,580
Less: Interest portion	<u>( 113,580 )</u>
	<u>\$ 555,000</u>

**NOTE H: FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the City has set aside for specific purposes.

The following are the various reserved fund balances as of June 30, 2006:

Fund Balances

Building Authority Bonds	
Reserved for debt service	<u>\$ 48,058</u>
Nonmajor governmental funds	
Reserved for debt service	472
Reserved for cemetery perpetual care	<u>99,310</u>
	<u>\$ 99,782</u>

The following are the various designated fund balances as of June 30, 2006:

Fund Balances

Major Street Fund	
Designated for subsequent year's expenditures	<u>\$ 140,605</u>
Nonmajor governmental funds	
Designated for subsequent year's expenditures	<u>\$ 97,638</u>

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE I: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of June 30, 2006:

**PRIMARY GOVERNMENT**

Governmental activities

Restricted for other purposes

Cemetery perpetual care

\$ 99,310

Drug law enforcement

2,354

Streets

428,825

Total governmental activities

\$ 530,489

Business-type activities

Restricted for SCCMUA operations

\$ 936,460

**NOTE J: POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note K, the City provides post-employment health care benefits to all of its retired employees who meet eligibility requirements. Currently, the City is paying the health care premium for three (3) retirees. During the year, approximately \$18,435 was paid for post retirement health care.

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the new employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2009.

**NOTE K: RETIREMENT PLAN**

Plan Description

The City participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units, and as of the December 31, 2005 valuation required contributions from the City of 22.74% of gross wages for the general government, 12.08% of gross wages for the police union, and 19.47% of gross wages for the Department of Public Safety.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE K: RETIREMENT PLAN - CONTINUED**Annual Pension Cost

For year ended June 30, 2006 the City's annual pension cost of \$164,365 for the plan was equal to the City's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Actuarial value of assets	\$ 1,115,024	\$ 1,240,125	\$ 1,380,885
Actuarial accrued liability (AAL) (entry age)	2,478,429	2,764,318	2,841,106
Unfunded AAL	1,363,405	1,524,193	1,460,221
Funded ratio	45 %	45 %	49 %
Covered payroll	673,443	756,253	711,966
UAAL as a percentage of covered payroll	202 %	202 %	205 %

	Year Ended June 30,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual pension cost	\$ 140,472	\$ 147,051	\$ 164,365
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the MERS actuarial reports as of December 31, 2003, 2004, and 2005.

**NOTE L: RISK MANAGEMENT**

The City carries commercial insurance for the risk of loss due to workers' compensation claims.

The City also participates in a State pool, the Michigan Municipal Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The City has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

**NOTE M: RESTATEMENT OF NET ASSETS**

The City has restated capital assets net of accumulated depreciation for June 30, 2005 by \$144,891. The restated governmental activities net assets as of June 30, 2005 is \$4,688,970.



## **REQUIRED SUPPLEMENTARY INFORMATION**



## City of DeWitt

## General Fund

## BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 206

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 1,683,500	\$ 1,630,190	\$ 1,630,282	\$ 92
Penalties and interest	2,600	6,600	6,627	27
Administration fees	63,350	64,630	64,630	-0-
Total taxes	1,749,450	1,701,420	1,701,539	119
Licenses and permits				
Franchise fees	23,500	22,629	30,337	7,708
Other permits	2,597	1,500	1,500	-0-
Total licenses and permits	26,097	24,129	31,837	7,708
Intergovernmental				
State				
State shared revenue	395,000	394,090	394,093	3
State liquor license	1,340	1,180	1,181	1
Michigan justice training	1,750	1,639	1,640	1
Total intergovernmental	398,090	396,909	396,914	5
Charges for services				
Sewer inspections	13,350	13,550	10,061	(3,489)
Refuse service	195,580	177,180	192,005	14,825
Site plan reviews	7,835	14,140	14,141	1
Park and recreation fees	3,100	6,185	4,667	(1,518)
Cemetery	26,195	25,426	25,427	1
Other fees	750	1,225	1,230	5
Total charges for services	246,810	237,706	247,531	9,825
Fines and forfeits				
Parking	1,500	1,995	1,995	-0-
Other	400	542	542	-0-
Total fines and forfeits	1,900	2,537	2,537	-0-
Interest and rents				
Interest	13,000	33,431	48,002	14,571
Rents	12,000	12,000	12,654	654
Total interest and rents	25,000	45,431	60,656	15,225

## City of DeWitt

## General Fund

## BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES - CONTINUED				
Other				
Reimbursements	\$ 148,083	\$ 133,083	\$ 130,531	\$ (2,552)
Other	15,000	67,780	67,780	-0-
Total other	163,083	200,863	198,311	(2,552)
TOTAL REVENUES	2,610,430	2,608,995	2,639,325	30,330
EXPENDITURES				
General government				
Legislative				
Salaries	13,460	12,160	12,099	61
Social Security	1,030	950	947	3
Sister city	2,750	1,950	1,918	32
Conference and travel	2,500	2,300	2,292	8
Memberships and dues	5,050	4,850	4,830	20
Miscellaneous	4,525	7,275	7,266	9
Total legislative	29,315	29,485	29,352	133
Administrator				
Salaries	161,850	164,250	159,669	4,581
Social security	12,226	12,826	12,754	72
Health/Dental	13,715	5,715	5,426	289
Life insurance	2,323	1,923	1,897	26
Retirement	31,350	30,350	30,274	76
Deferred compensation	9,000	10,300	10,251	49
Equipment rentals	5,000	5,000	5,000	-0-
Conference and travel	3,100	2,100	1,974	126
Memberships and dues	960	60	46	14
Miscellaneous	150	9,650	9,371	279
Total administrator	239,674	242,174	236,662	5,512
Elections				
Salaries	2,080	3,280	3,164	116
Supplies	3,175	1,175	1,165	10
Miscellaneous	460	460	450	10
Capital outlay	800	2,000	1,914	86
Total elections	6,515	6,915	6,693	222
Assessor				
Assessing services	29,110	29,032	29,030	2
Miscellaneous	1,675	2,035	2,020	15
Capital outlay	17,500	28,560	32,560	(4,000)
Total assessor	48,285	59,627	63,610	(3,983)

## City of DeWitt

## General Fund

## BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Clerk				
Salaries	\$ 52,677	\$ 55,677	\$ 55,656	\$ 21
Social security	3,992	4,242	4,220	22
Health insurance	11,069	9,769	9,587	182
Life insurance	1,130	930	921	9
Retirement	11,220	12,220	12,123	97
Conference and travel	1,000	500	405	95
Memberships and dues	405	405	398	7
Total clerk	81,493	83,743	83,310	433
Treasurer				
Salaries	52,677	58,177	57,934	243
Social security	6,531	4,531	4,533	(2)
Health insurance	14,287	12,287	11,959	328
Life insurance	1,048	1,048	991	57
Retirement	11,220	12,720	12,582	138
Conference and travel	1,000	600	517	83
Memberships and dues	232	232	220	12
Total treasurer	86,995	89,595	88,736	859
City Hall and Grounds				
Worker's compensation	11,350	12,550	12,429	121
Unemployment compensation	3,600	1,600	1,265	335
Supplies	23,650	30,700	29,487	1,213
Professional services	55,650	56,650	54,908	1,742
Refuse contract	119,500	117,500	115,090	2,410
Liability insurance	29,350	26,350	26,260	90
Recycling program	58,500	46,500	37,211	9,289
Telephone	7,200	7,200	6,690	510
Printing and publishing	11,500	14,500	14,366	134
Utilities	75,550	68,550	67,090	1,460
Repairs and maintenance	80,000	55,000	52,054	2,946
Equipment rental	925	825	816	9
Capital outlay	10,000	14,100	11,783	2,317
Total city hall and grounds	486,775	452,025	429,449	22,576

## City of DeWitt

## General Fund

## BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Tree Commission				
Tree maintenance	\$ 10,275	\$ 9,000	\$ 8,821	\$ 179
Tree programs	275	300	285	15
Capital outlay	2,500	3,000	2,930	70
Total tree commission	13,050	12,300	12,036	264
Retiree benefits				
Health insurance	12,221	9,221	8,988	233
Other				
Other	1,800	1,800	2,048	(248)
Total general government	976,808	957,400	960,884	25,868
Public safety				
Safety/Training				
Operating supplies	200	-	-	-0-
Conference and travel	150	160	160	-0-
Training	375	-	-	-0-
Total safety/training	725	160	160	-0-
Police department				
Salaries	384,517	371,017	367,536	3,481
Social security	28,995	28,195	27,911	284
Health insurance	65,995	58,995	57,124	1,871
Life insurance	6,420	5,920	5,565	355
Retirement	62,610	60,610	59,630	980
Deferred compensation	4,500	4,250	3,946	304
Uniforms	7,000	5,500	4,164	1,336
Operating supplies	6,500	5,000	4,817	183
Detective services	6,500	6,100	6,040	60
Liability insurance	8,800	12,100	12,021	79
Telephone	2,000	300	182	118
Radio	6,440	7,240	7,017	223
Equipment rental	50,000	50,000	50,000	-0-
Conference and travel	475	475	155	320
Repairs and maintenance	1,500	700	454	246
Memberships and dues	475	475	303	172

## City of DeWitt

## General Fund

## BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Public safety - continued				
Police department - continued				
Police training	\$ 2,500	\$ 2,500	\$ 2,413	\$ 87
Miscellaneous	1,600	1,600	1,364	236
Capital outlay	5,000	8,000	7,824	176
Total police department	651,827	628,977	618,466	10,511
Fire department				
Professional services	122,507	122,507	122,507	-0-
Utilities	250	250	195	55
Repairs and maintenance	3,000	500	129	371
Capital outlay	1,750	-	-	-0-
Total fire department	127,507	123,257	122,831	426
Planning commission				
Professional services	41,500	80,000	79,065	935
Conference and travel	300	-	-	-0-
Operating supplies	100	-	-	-0-
Miscellaneous	150	550	510	40
Total planning commission	42,050	80,550	79,575	975
Total public safety	822,109	832,944	821,032	11,912
Public works				
Salaries	204,704	206,004	213,520	(7,516)
Social security	15,660	16,460	16,389	71
Health insurance	34,110	28,110	26,972	1,138
Life insurance	3,142	3,342	3,291	51
Retirement	43,353	44,053	43,812	241
Deferred compensation	10,446	9,946	9,468	478
Uniforms	4,600	4,300	3,938	362
Supplies	9,500	8,500	-	8,500
Telephone	3,100	3,500	3,380	120
Equipment	15,000	15,000	15,000	-0-
Conference and travel	150	150	-	150
Utilities	5,900	7,900	7,554	346
Repairs and maintenance	6,500	5,500	4,786	714
Membership	-	25	12	13
Miscellaneous	500	900	715	185
Capital outlay	3,000	2,000	1,604	396
Total public works	359,665	355,690	350,441	5,249

## City of DeWitt

## General Fund

## BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Recreation and cultural				
Salaries	\$ 3,250	\$ 1,750	\$ 1,185	\$ 565
Social security	249	149	91	58
Operating supplies	9,250	5,750	4,643	1,107
Professional services	36,080	45,280	44,079	1,201
Utilities	3,900	4,200	4,096	104
Repairs and maintenance	8,000	20,000	19,904	96
Miscellaneous	2,000	300	36	264
Capital outlay	-	6,000	5,500	500
Total recreation and cultural	62,729	83,429	79,534	3,895
Debt service				
Principal	79,994	34,994	33,332	1,662
Interest and fiscal agent charges	12,108	12,108	12,102	6
Total debt service	92,102	47,102	45,434	1,668
TOTAL EXPENDITURES	2,342,728	2,306,050	2,257,325	47,057
EXCESS OF REVENUES OVER EXPENDITURES	267,702	302,945	382,000	(16,727)
OTHER FINANCING USES				
Transfers out	(372,760)	(373,359)	(372,760)	599
NET CHANGE IN FUND BALANCE	(105,058)	(70,414)	9,240	(16,128)
Fund balance, beginning of year	664,887	664,887	664,887	-0-
Fund balance, end of year	\$ 559,829	\$ 594,473	\$ 674,127	\$ (16,128)

## City of DeWitt

## Major Street Fund

## BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental - State	\$ 454,650	\$ 481,050	\$ 483,148	\$ 2,098
Interest				
Investments	1,600	5,600	6,256	656
Special assessments	2,700	1,090	1,362	272
Other				
Special assessments	10,650	10,350	17,940	7,590
<b>TOTAL REVENUES</b>	<b>469,600</b>	<b>498,090</b>	<b>508,706</b>	<b>10,616</b>
<b>EXPENDITURES</b>				
Public works				
Salaries	18,200	12,700	11,550	1,150
Fringe benefits	10,920	6,470	5,245	1,225
Supplies	9,000	7,300	5,910	1,390
Professional services	72,930	87,930	430	87,500
Repairs and maintenance	135,000	62,500	59,710	2,790
Construction	150,000	140,000	206,784	(66,784)
Equipment rental	22,350	15,150	13,604	1,546
Miscellaneous	250	10	9	1
<b>Total public works</b>	<b>418,650</b>	<b>332,060</b>	<b>303,242</b>	<b>28,818</b>
Debt service				
Principal	50,000	50,000	50,000	-0-
Interest and fiscal charges	21,170	21,170	21,168	2
<b>Total debt service</b>	<b>71,170</b>	<b>71,170</b>	<b>71,168</b>	<b>2</b>
<b>TOTAL EXPENDITURES</b>	<b>489,820</b>	<b>403,230</b>	<b>374,410</b>	<b>28,820</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(20,220)</b>	<b>94,860</b>	<b>134,296</b>	<b>39,436</b>
Fund balance, beginning of year	164,014	164,014	164,014	-0-
Fund balance, end of year	<u>\$ 143,794</u>	<u>\$ 258,874</u>	<u>\$ 298,310</u>	<u>\$ 39,436</u>



## **OTHER SUPPLEMENTARY INFORMATION**



City of DeWitt

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2006

	Local Street	Special Building Department	Public Improvement
ASSETS			
Cash and cash equivalents	\$ 106,453	\$ 34,742	\$ 29,819
Investments	10,300	-	-
Special assessment receivable	298	-	2,298
Interest receivable	321	-	-
Due from other governmental units			
State	13,441	-	-
TOTAL ASSETS	<u>\$ 130,813</u>	<u>\$ 34,742</u>	<u>\$ 32,117</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Deferred revenue	\$ 298	\$ -	\$ 1,374
FUND BALANCES			
Reserved for			
Debt service	-	-	-
Cemetery maintenance	-	-	-
Designated for subsequent year's expenditures	77,388	20,250	-
Unreserved			
Undesignated, reported in:			
Capital projects fund	-	-	-
Special revenue funds	53,127	14,492	30,743
TOTAL FUND BALANCES	<u>130,515</u>	<u>34,742</u>	<u>30,743</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 130,813</u>	<u>\$ 34,742</u>	<u>\$ 32,117</u>

Revenue		Debt Service	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Drug Law Enforcement	Special Donations	1978 Sewer	Building Authority	Cemetery Perpetual Care	
\$ 2,354	\$ 10,706	\$ 472	\$ 32	\$ 99,310	\$ 283,888
-	-	-	-	-	10,300
-	-	-	-	-	2,596
-	-	-	-	-	321
-	-	-	-	-	13,441
<u>\$ 2,354</u>	<u>\$ 10,706</u>	<u>\$ 472</u>	<u>\$ 32</u>	<u>\$ 99,310</u>	<u>\$ 310,546</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,672
-	-	472	-	-	472
-	-	-	-	99,310	99,310
-	-	-	-	-	97,638
-	-	-	32	-	32
<u>2,354</u>	<u>10,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,422</u>
<u>2,354</u>	<u>10,706</u>	<u>472</u>	<u>32</u>	<u>99,310</u>	<u>308,874</u>
<u>\$ 2,354</u>	<u>\$ 10,706</u>	<u>\$ 472</u>	<u>\$ 32</u>	<u>\$ 99,310</u>	<u>\$ 310,546</u>

City of DeWitt

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year Ended June 30, 2006

	Local Street	Special Building Department	Public Improvement
REVENUES			
Licenses and permits	\$ -	\$ 61,285	\$ -
Intergovernmental			
State	81,399	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	3,131	1,157	1,366
Other			
Special assessments	149	-	5,930
Other	1,013	-	4,159
TOTAL REVENUES	85,692	62,442	11,455
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	70,697	-
Public works	283,485	-	-
Community and economic development	-	-	26,907
Debt service			
Principal	-	-	-
Interest and fiscal agent fees	-	-	-
Capital outlay	-	-	11,687
TOTAL EXPENDITURES	283,485	70,697	38,594
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(197,793)	(8,255)	(27,139)
OTHER FINANCING SOURCES			
Transfers in	275,000	-	-
NET CHANGE IN FUND BALANCES	77,207	(8,255)	(27,139)
Fund balances, beginning of year	53,308	42,997	57,882
Fund balances, end of year	\$ 130,515	\$ 34,742	\$ 30,743

Revenue		Debt Service	Capital Projects	Permanent	Total
Drug Law Enforcement	Special Donations	1978 Sewer	Building Authority	Cemetery Perpetual Care	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,285
-	-	-	-	-	81,399
-	-	-	-	9,225	9,225
205	-	-	-	-	205
96	333	364	-	2,641	9,088
-	-	-	-	-	6,079
-	1,060	-	599	-	6,831
301	1,393	364	599	11,866	174,112
-	-	-	599	3,965	4,564
1,329	580	-	-	-	72,606
-	-	-	-	-	283,485
-	-	-	-	-	26,907
-	-	18,665	-	-	18,665
-	-	2,576	-	-	2,576
-	-	-	12,000	-	23,687
1,329	580	21,241	12,599	3,965	432,490
(1,028)	813	(20,877)	(12,000)	7,901	(258,378)
-	-	21,092	-	-	296,092
(1,028)	813	215	(12,000)	7,901	37,714
3,382	9,893	257	12,032	91,409	271,160
\$ 2,354	\$ 10,706	\$ 472	\$ 32	\$ 99,310	\$ 308,874

## City of DeWitt

## Local Street Fund

## BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 82,000	\$ 76,000	\$ 81,399	\$ 5,399
Interest				
Investments	1,000	2,460	3,100	640
Special assessments	-	30	31	1
Other				
Special assessments	-	140	149	9
Other	300	1,000	1,013	13
TOTAL REVENUES	83,300	79,630	85,692	6,062
EXPENDITURES				
Public works				
Salaries	15,880	10,680	10,255	425
Fringe benefits	9,528	7,328	6,147	1,181
Supplies	9,850	6,360	6,344	16
Professional services	25,475	19,765	19,082	683
Construction	250,000	232,000	229,119	2,881
Equipment rental	21,575	13,650	12,530	1,120
Miscellaneous	-	10	8	2
TOTAL EXPENDITURES	332,308	289,793	283,485	1,122
EXCESS OF REVENUES (UNDER) EXPENDITURES	(249,008)	(210,163)	(197,793)	12,370
OTHER FINANCING SOURCES				
Transfers in	275,000	275,000	275,000	-0-
NET CHANGE IN FUND BALANCE	25,992	64,837	77,207	12,370
Fund balance, beginning of year	53,308	53,308	53,308	-0-
Fund balance, end of year	\$ 79,300	\$ 118,145	\$ 130,515	\$ 12,370

City of DeWitt

Building Department Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 63,250	\$ 61,200	\$ 61,285	\$ 85
Interest	425	935	1,157	222
TOTAL REVENUES	63,675	62,135	62,442	307
EXPENDITURES				
Public Safety				
Salaries	18,500	18,500	18,500	-0-
Fringe benefits	11,100	11,100	11,100	-0-
Supplies	1,975	1,975	1,975	-0-
Professional services	50,000	40,500	38,118	2,382
Memberships and dues	300	300	300	-0-
Administration costs	480	480	480	-0-
Miscellaneous	225	225	224	1
TOTAL EXPENDITURES	82,580	73,080	70,697	2,383
EXCESS OF REVENUES (UNDER) EXPENDITURES	(18,905)	(10,945)	(8,255)	2,690
Fund balance, beginning of year	42,997	42,997	42,997	-0-
Fund balance, end of year	<u>\$ 24,092</u>	<u>\$ 32,052</u>	<u>\$ 34,742</u>	<u>\$ 2,690</u>

City of DeWitt

Public Improvement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest				
Investments	\$ 700	\$ 890	\$ 936	\$ 46
Special assessments	70	325	430	105
Other				
Special assessments	620	10,250	5,930	(4,320)
Other	2,500	4,160	4,159	(1)
TOTAL REVENUES	3,890	15,625	11,455	(4,170)
EXPENDITURES				
Community and economic development				
Professional services	-	27,000	26,883	117
Miscellaneous	100	-	24	(24)
Capital outlay	7,500	11,800	11,687	113
TOTAL EXPENDITURES	7,600	38,800	38,594	206
EXCESS OF REVENUES (UNDER) EXPENDITURES	(3,710)	(23,175)	(27,139)	(3,964)
Fund balance, beginning of year	57,882	57,882	57,882	-0-
Fund balance, end of year	<u>\$ 54,172</u>	<u>\$ 34,707</u>	<u>\$ 30,743</u>	<u>\$ (3,964)</u>

City of DeWitt

Drug Law Enforcement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeits	\$ -	\$ 195	\$ 205	\$ 10
Interest	50	80	96	16
TOTAL REVENUES	50	275	301	26
EXPENDITURES				
Public safety				
Forfeitures	-	400	398	2
Miscellaneous	-	950	931	19
TOTAL EXPENDITURES	-0-	1,350	1,329	21
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50	(1,075)	(1,028)	47
Fund balance, beginning of year	3,382	3,382	3,382	-0-
Fund balance, end of year	<u>\$ 3,432</u>	<u>\$ 2,307</u>	<u>\$ 2,354</u>	<u>\$ 47</u>



## City of DeWitt

## Special Donations Fund

## BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest on investments	\$ 100	\$ 275	\$ 333	\$ 58
Other				
Donations	-	1,050	1,060	10
TOTAL REVENUES	100	1,325	1,393	68
EXPENDITURES				
Public safety	-	580	580	-0-
EXCESS OF REVENUES OVER EXPENDITURES	100	745	813	68
Fund balance, beginning of year	9,893	9,893	9,893	-0-
Fund balance, end of year	<u>\$ 9,993</u>	<u>\$ 10,638</u>	<u>\$ 10,706</u>	<u>\$ 68</u>

City of DeWitt

SCHEDULE OF BONDED DEBT OUTSTANDING

June 30, 2006

1978 Clinton County Sanitary Sewage Treatment and Disposal System No. 7 Bonds, Series B

Issue: \$ 280,000

Issue date: August 1, 1978

Due Date	Interest Rate	Bonds Maturing	Interest Due	Total Amount Due
5/1/2007	6.50 %	\$ 18,665	\$ 1,214	\$ 19,879

Limited Tax General Obligation Building Authority - Park Improvement Bonds

Issue: \$ 975,000

Issue date: February 1, 1999

Due Date	Interest Rate	Bonds Maturing	Interest Due	Total Amount Due
5/1/2007	4.20 %	\$ 70,000	\$ 24,890	\$ 94,890
5/1/2008	4.30	70,000	21,950	91,950
5/1/2009	4.40	70,000	18,940	88,940
5/1/2010	4.40	70,000	15,860	85,860
5/1/2011	4.50	70,000	12,780	82,780
5/1/2012	4.60	70,000	9,630	79,630
5/1/2013	4.70	70,000	6,410	76,410
5/1/2014	4.80	65,000	3,120	68,120
		\$ 555,000	\$ 113,580	\$ 668,580

2004 Michigan Transportation Fund Bonds

Issue: \$ 450,000

Issue date: December 1, 2004

Due Date	Interest Rate	Bonds Maturing	Interest Due	Total Amount Due
10/1/2006	2.35 %	\$ 45,000	\$ 13,416	\$ 58,416
10/1/2007	2.50	45,000	12,325	57,325
10/1/2008	2.75	50,000	11,075	61,075
10/1/2009	2.95	55,000	9,577	64,577
10/1/2010	3.15	60,000	7,820	67,820
10/1/2011	3.35	60,000	5,871	65,871
10/1/2012	3.50	65,000	3,727	68,727
10/1/2013	3.70	70,000	1,295	71,295
		\$ 450,000	\$ 65,106	\$ 515,106